CITY OF MINNEAPOLIS

Redeveloping property owned by the City of Minneapolis

Buying vacant buildings through the Community Planning and Economic Development (CPED) Department

CPED Mission: to equitably grow a sustainable city with more people and more jobs through thoughtful design and enhanced environment.



Why does CPED own properties?

- To realize our mission, we acquire vacant and blighted properties and facilitate redevelopment through new construction and rehabilitation.
- Types of properties in CPED's inventory are:
 - vacant lots
 - vacant commercial buildings
 - vacant residential buildings
- Properties vary significantly in size, use, and redevelopment opportunities.

Steps to acquire and develop City owned vacant buildings

- Step 1: Application
- Step 2: City approval
 Step 5: Completion
- Step 3: Contract and sale

- Step 4: Construction





Step 1: Application

- Properties will be listed on CPED's website:
 http://www.minneapolismn.gov/cped/housing/cped vacant lot home
- Open houses will be scheduled for 30 minutes per house
- The purchase price is for the appraised value





Application components

Visit our website: www.minneapolismn.gov/cped/housing/cped_vacant_lot_home

Procedures for Buying a Residential Structure

From time to time, CPED has an inventory of residential properties in the city for sale for development. The sale of properties to prospective buyers is contingent on their ability to responsibly rehabilitate the project. As most of these properties are condemned and/or boarded and vacant, sale of these properties will be to entities/individuals that have experience dealing with extensive renovation projects. Additionally, all sales are subject to the approval of the City Council. Prices are determined by appraisals and are not negotiable. The City has the right to refuse any and all proposals received.

- Application Form: All developers need to fill out an application prior to attending an open house.
- <u>Training Powerpoint</u>: Thank you to everyone who attended our training at the North Regional Library on February 19.
- Vacant Structures Available for Purchase: A list of available structures and open house times will be posted in early March.
- Rehab Improvement Standards: CPED requires that all homes acquired from the City of Minneapolis are improved to these basic standards.
- Procedures for Purchasing Residential Properties for Housing: This document provides instructions on how to purchase residential properties
 from CPED, including a checklist to ensure that your offer is complete. Incomplete offers will not be processed.
- Offer to Purchase Residential Land and Improvements: Once a code compliance or TISH report is received, submit an offer to purchase for each home you have interest in acquiring and submit along with a good faith deposit.

To be considered for future projects, please submit completed Application Form via email or mail to:

Susan Schempf

Crown Roller Building 105 5th Ave S, Suite 200 Minneapolis, MN 55401

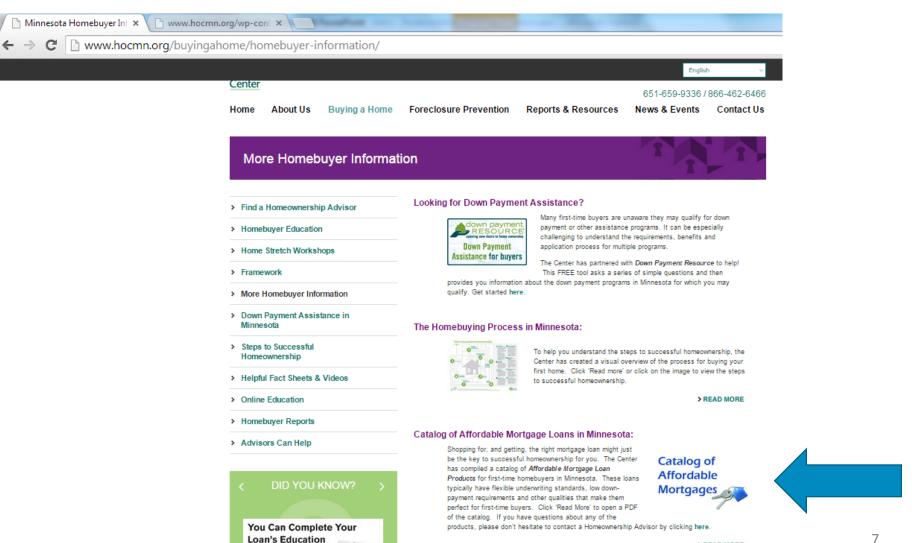
For more information, call the Marketing Line at 612-673-5245.

Application Form Criteria

- All applicants complete an application form and submit to City staff
- City staff reviews application forms for the following:
 - Experience require 2 years experience doing significant building rehab – it is acceptable to partner with an experienced contractor
 - Responsibility require explanation for any vacant buildings or buildings with code violations currently owned
 - Financial Capacity require a plan to pay for the rehab
 - Plan for Occupancy require a marketing strategy for properties for sale

Financing Options – Homeowners Minnesota Homeownership Center

http://www.hocmn.org/buyingahome/homebuyer-information/



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> READ MORE

Financing Options - Homeowners Non-Profit Resources

The following organizations have homebuyer programs:

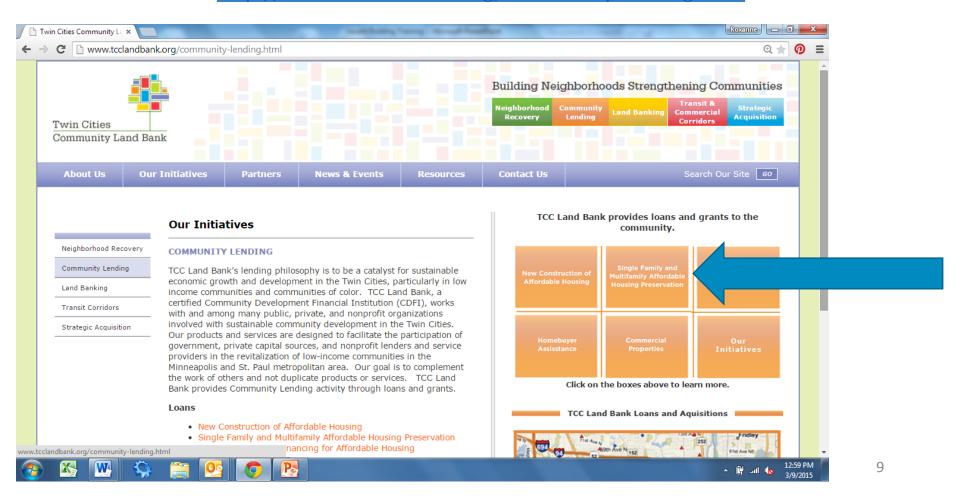
- City of Lakes Community Land Trust (<u>www.clclt.org</u>)
- Greater Metropolitan Housing Corporation (<u>www.gmhchousing.org</u>)
- Neighborhood Housing Services (<u>www.minneapolisnhs.org</u>)
- NeighborWorks Home Partners (<u>www.nwhomepartners.org</u>)
- Project for Pride in Living (<u>www.ppl-inc.org</u>)
- Twin Cities Habitat for Humanity (<u>www.tchabitat.org</u>)
- Urban Homeworks (<u>www.urbanhomeworks.org</u>)

Financing Options – Developers

Local Banks – resources for lines of credit or interim construction financing

Twin Cities Community Land Bank – interim financing for acquisition or rehab

http://www.tcclandbank.org/community-lending.html



Application Process

- 1. Applicant submits an **Application Form** to City staff
- 2. City staff posts an open house schedule
- 3. Applicant attends an open house
- 4. Applicant submits an Offer to Purchase to City staff
- 5. City staff reviews and initiates the city approval process



Offer to Purchase Criteria

- If multiple offers are received for a property:
 - Preference for offers from owner occupants first
 - Secondary preference for offers from developers that will sell to an owner occupant
 - If preference cannot be applied, City staff recommends the strongest proposal



Step 2: City Approval

Staff

- Up to 2 weeks to review and recommend a proposal
- Review criteria: compliance, capacity, and public purpose

Neighborhood

- Up to 45 day review and comment period
- Review criteria: proposal and exterior design

City Council

- Up to 45 day public hearing and approval process
- Review criteria: staff recommendation and neighborhood comments

Step 3: Contract and Sale

CPED staff sends the contract shortly after council approval. Requirements include:

- 10% good faith deposit
- Construction to meet rehabilitation standards
- Builder's risk insurance for the cost of Minimum Improvements
- General liability insurance for \$2,000,000 that names the City as additional insured
- Worker's compensation insurance
- Signage advertising City involvement in the project

Step 3: Contract and Sale

- Once contract is signed, closing is scheduled
- Applicant receives tax title and is responsible for clearing title
- City cancels assessments up to the date of closing



Step 4: Construction

- Complete improvements and ensure compliance with regulations
- Construction must start <u>30 days</u> after closing and be complete <u>6 months</u> after closing
- Good faith deposit returned when project is complete

Regulations	Inspected/enforced by
City code and vacant building	Regulatory Services Division: Building Inspectors
Minimum property standards	Residential and Real Estate Development Division (RRED): Construction Management

Regulatory Services Requirements

- Fill out a Restoration Agreement between applicant and Regulatory Services within 90 days of VBR anniversary
- Regulatory Services waives the vacant building fee after signing Restoration Agreement
- Applicant secures all required permits
- Applicant addresses all code items
- CPED Construction Code Services issues Certificate of Code Compliance Completion for condemned properties

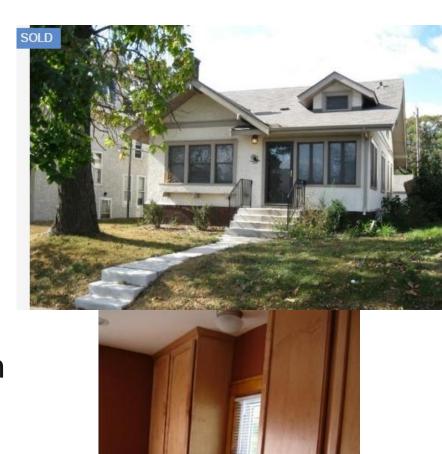
Step 5: Completion

- Final RRED
 Construction
 Management
 inspection
- Certificate of completion issued
- Good faith deposit returned
- Sell, lease, or occupy the house!



Next Steps

- The list of vacant buildings and open houses will be posted on CPED's website in early March
- Properties will be posted on an ongoing basis as they are ready to be viewed
- All participants in this training will be e-mailed as each posting occurs



Anticipated Timeline

All items list the maximum time – CPED staff will make every effort to move the process along more quickly and encourage Applicants to do the same.

Step	Timeline
Applicant submits a developer application	Before first scheduled open house
CPED posts open house	On an ongoing basis
Open house occurs	One week after posting
Applicant submits offer to purchase	Two weeks after open house
CPED staff review	Two weeks from offer due date
Neighborhood comment period	45 days from staff review
City Council approval period	45 days from staff review
Contract and closing	30 days from city council approval
Construction start	30 days from closing
Construction end	6 months from closing

Questions?

Website for property listing:

http://www.minneapolismn.gov/cped/housing/cped_vacant_lot_home

Contact Roxanne Young Kimball

Roxanne.Kimball@minneapolismn.gov

612-673-2794

Please fill out an evaluation form before leaving!